

CITY OF CONWAY SPRINGS, KANSAS

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2014

George, Bowerman & Noel, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
City of Conway Springs
Conway Springs, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Conway Springs, Kansas, a Municipal Financial Reporting Entity, as of and for the year ended December 31, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Conway Springs, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting as described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Conway Springs, Kansas as of December 31, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Conway Springs, Kansas as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, and the summary of receipts and disbursements – regulatory basis (Schedules 1, 2 and 3) as listed in the table of contents) are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting*

Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2013 actual columns presented in the individual fund schedules of receipts and expenditures – actual and budget, (Schedule 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2013 basic financial statement upon which we rendered an unqualified opinion dated August 13, 2014. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

George, Bowerman & Noel, P.A.

Wichita, Kansas
August 14, 2015

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH –
REGULATORY BASISFor the year ended December 31, 2014
(continued on next page)

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encum- brances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 396,120	\$ –	\$ 617,292	\$ 645,841	\$ 367,571	\$ 8,310	\$ 375,881
Special Purpose Funds:							
Special Highway	410	–	38,238	36,530	2,118	–	2,118
Public Safety	43,085	–	155,313	117,930	80,468	6,237	86,705
Library	1	–	14,166	13,000	1,167	–	1,167
Employee Benefits	36,913	–	102,215	92,643	46,485	–	46,485
Fire Department Trust	6,861	–	2,222	4,975	4,108	4,863	8,971
Cemetery Trust	16,477	–	700	20	17,157	–	17,157
Park Trust	829	–	50	–	879	–	879
Museum Trust	4,104	–	58	–	4,162	–	4,162
Ambulance Trust	15,181	–	2,595	5,894	11,882	–	11,882
Police Trust	1,459	–	1,000	739	1,720	–	1,720
Debt Service Funds:							
Debt Service	14,196	–	56,213	–	70,409	–	70,409
Capital Project Funds:							
Park and Pool Renovation Project	43,396	–	17,834	–	61,230	–	61,230
Capital Equipment Reserve	197,260	–	64,500	25,669	236,091	–	236,091
Capital Improvement Reserve	91,226	–	156,500	19,535	228,191	–	228,191
Fire Truck Reserve	14,383	–	35,000	–	49,383	–	49,383
Ambulance Acquisition Reserve	41,138	–	18,000	–	59,138	–	59,138
Emergency Volunteer Building	5,517	–	37,470	13,944	29,043	–	29,043
Business Funds:							
Waterworks System	193,524	–	373,918	427,588	139,854	2,680	142,534
Sewage System	63,375	–	136,782	162,142	38,015	30	38,045
Refuse	50,814	–	163,471	141,013	73,272	24	73,296

STATEMENT 1

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH –
REGULATORY BASISFor the year ended December 31, 2014
(continued from previous page)

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encum- brances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Ambulance	\$ 18,573	\$ –	\$ 63,031	\$ 53,874	\$ 27,730	\$ 2,157	\$ 29,887
Waterworks Principal and Interest Reserve	31,932	–	–	–	31,932	–	31,932
Waterworks Surplus Reserve	206,888	–	275,871	5,825	476,934	269,658	746,592
Meter Deposit	12,995	–	3,450	2,550	13,895	–	13,895
Sewer Replacement Reserve	126,931	–	49,223	–	176,154	–	176,154
Refuse Capital Equipment Reserve	<u>113,343</u>	<u>–</u>	<u>7,000</u>	<u>–</u>	<u>120,343</u>	<u>–</u>	<u>120,343</u>
Total Primary Government (excluding agency funds)	1,746,931	–	2,392,112	1,769,712	2,369,331	293,959	2,663,290
Component Unit: Conway Springs Public Library	<u>37,853</u>	<u>–</u>	<u>21,634</u>	<u>20,593</u>	<u>38,894</u>	<u>3</u>	<u>38,897</u>
Total Reporting Entity (excluding agency funds)	<u>\$1,784,784</u>	<u>\$ –</u>	<u>\$ 2,413,746</u>	<u>\$ 1,790,305</u>	<u>\$ 2,408,225</u>	<u>\$ 293,962</u>	<u>\$ 2,702,187</u>

Composition of cash:

Conway Bank, Conway Springs, Kansas:

Checking account – NOW \$ 24,586

Vintage Bank Kansas, Conway Springs, Kansas:

Checking account – NOW 2,472,341

Checking account – NOW 15,002

Certificate of Deposit 150,843Total Vintage Bank Kansas 2,638,186

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH –
REGULATORY BASISFor the year ended December 31, 2014
(continued from previous page)

Composition of cash (continued):

Cash on hand	\$ 518
Total Primary Government	2,663,290
Less Agency Funds	<u>—</u>
Total Primary Government (excluding agency funds)	2,663,290
Component Units:	
Conway Springs Public Library:	
Vintage Bank Kansas:	
Checking account – NOW	<u>38,897</u>
Total Reporting Entity (excluding agency funds)	<u>\$ 2,702,187</u>

The accompanying notes are an integral
part of the financial statement.

CITY OF CONWAY SPRINGS, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal financial reporting entity

The City of Conway Springs, Kansas, (City) operates under a Mayor-Council form of government consisting of a Mayor and five councilpersons elected at-large from within the City. The City provides services to its citizens in the areas of highways and streets, water, sewer and refuse utilities, public improvement, public safety, planning and zoning, recreation and general administrative services.

The financial statement presents the City of Conway Springs, Kansas, (a municipal financial reporting entity) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

A seven-member board appointed by the Mayor with approval by the City Council governs the Conway Springs Public Library Board. The Conway Springs Public Library Board operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special purpose fund of the City. The Library Board also receives funding through state assistance programs and donations.

The City's related municipal entity does not issue separate audited financial statements.

Description of funds

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with state statutes, several different types of funds and account groups are used to record the City's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

General fund – The general fund is the chief operating fund of the City and is used to account for and report all financial resources not accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special purpose funds – Special purpose funds are used to account for and report the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Debt service fund – The debt service fund is used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project funds – The capital project funds are used to account for the debt proceeds and other financial resources to be used for the construction or acquisition of major capital facilities and equipment.

Business funds – Business funds are financed in whole or in part by fees charged to users of the goods or services (i.e., enterprise funds).

Agency funds – Agency funds are used to report assets held by the municipal reporting entity in purely custodial capacity.

Kansas Municipal Audit and Accounting Guide (KMAAG) basis of accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Budgetary principles

The City is required by state statute to legally adopt annual operating budgets for the general fund, special purpose funds (unless exempted by specific statute), debt service fund and business funds (unless specifically exempted by statute). A legal operating budget is not required for the Fire Department Trust, Cemetery Trust, Park Trust, Museum Trust, Ambulance Trust, Police Trust, Park and Pool Renovation Project, Capital Equipment Reserve, Capital Improvement Reserve, Fire Truck Reserve, Ambulance Acquisition Reserve, Emergency Volunteer Building, Waterworks Principal and Interest Reserve, Waterworks Surplus Reserve, Meter Deposit, Sewer Replacement Reserve, and Refuse

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment Reserve funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no individual fund budgets amended by the governing body during 2014.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated.

Controls over spending in funds which are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

Deposits and investments

Deposits and investments include amounts in interest-bearing money market accounts and certificates of deposit. Cash deposits are reported at a carrying amount that approximates fair value. Interest income is credited to the General fund.

Compensated absences

The City's policies regarding vacation leave are based on the anniversary of an employee's employment date. Those policies permit all full-time employees after one year of employment to earn 5 calendar days' vacation pay, after three years of employment 10

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

calendar days' vacation pay, after ten years of employment 15 calendar days' vacation pay, and after twenty years of employment 20 calendar days' vacation pay. Part-time employees receive vacation as outlined for full-time employees by prorated on the number of hours worked. Seasonal and temporary employees shall not be eligible for vacation pay. Policies require vacation time to be taken annually and cannot be carried over from year to year without governing body approval. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay.

City employees earn sick/personal leave at thirty-two hours for full-time employees, twenty-four hours for three-fourths time, and sixteen hours for half-time employees per year and are granted on an employees' anniversary date. Unused sick/personal leave may not be carried over but will be paid to the employee at the current rate of pay. An employee shall not be paid for any unused sick/personal leave upon termination of employment with the City.

Pension plan

All full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERS), which is a cost sharing multi-employer statewide pension plan. The City's policy is to fund all pension costs as accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. This credit is collateralized with security deposits from new and slow paying customers.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

2. DEPOSITS AND INVESTMENTS (continued)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2014, is as follows:

Deposits with:	
Conway Bank of Conway Springs	1%
Vintage Bank Kansas	99%

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State statutes and requires deposits to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2014.

At year-end, the carrying amount of the City's deposits was \$2,662,772 with the bank balances of such accounts being \$2,679,860. Of the bank balances, \$236,102 was covered by federal depository insurance and the remaining balance of \$2,443,758 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks. The fair value of those pledged securities held by the City's custodial banks was \$2,674,614 at December 31, 2014.

The City's component unit's cash and deposits at December 31, 2014 consisted of interest-bearing checking accounts. At year-end, the carrying amount of the City's component unit deposits was \$38,897 and the bank balances were \$38,897, which was entirely covered by federal depository insurance.

3. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2014:

3. LONG-TERM DEBT (continued)

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
Note Payable to Kansas Department Of Health and Environment	3.55	6-6-96	387,523	3-1-17	91,284	—	24,944	66,340	3,022
Note Payable to Kansas Department Of Health and Environment	2.93	1-9-03	313,204	9-1-23	179,180	—	15,665	163,515	5,136
Total contractual indebtedness					<u>\$ 270,464</u>	<u>\$ —</u>	<u>\$ 40,609</u>	<u>\$ 223,855</u>	<u>\$ 8,158</u>

Revolving loan notes payable

During 1996, the City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for financing sewer plant improvements and construction of a new outfall sewer line in the City. At December 31, 2014, the outstanding loan balance was \$66,340. The loan agreement provides for semiannual payments in the amount of \$13,983, including interest at 3.55%.

The revolving loan will be retired through calendar year 2017 from the Sewage System Fund. Amortization of the note payable balance at December 31, 2014 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 25,838	\$ 2,128	\$ 27,966
2016	26,763	1,203	27,966
2017	13,739	244	13,983
	<u>\$ 66,340</u>	<u>\$ 3,575</u>	<u>\$ 69,915</u>

During 2003, the City entered into an additional loan agreement with the KDHE for sewer line extensions and improvements in the City. At December 31, 2014, the outstanding loan balance was \$163,515. The loan agreement provides for semiannual payments in the amount of \$10,401, including interest at 2.93%. The debt service requirements of the note payable to KDHE are being serviced through user fees generated by the Sewage System Fund. Amortization of the note payable balance at December 31, 2014 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 16,127	\$ 4,674	\$ 20,801
2016	16,603	4,198	20,801
2017	17,093	3,708	20,801
2018	17,598	3,203	20,801
2019	18,117	2,684	20,801
2020	18,652	2,149	20,801
2021	19,203	1,598	20,801

3. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,769	\$ 1,032	\$ 20,801
2023	<u>20,353</u>	<u>448</u>	<u>20,801</u>
	<u>\$ 163,515</u>	<u>\$ 23,694</u>	<u>\$ 187,209</u>

Compensated absences

The compensated absence activity for 2014 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 4,135	\$ 9,334	\$ 9,123	\$ 4,346

The outstanding compensated absence liabilities are liquidated from resources from the individual funds in which payroll costs are charged and principally include the General, Special Highway, Public Safety, Waterworks System, Sewage System, Refuse and Ambulance funds.

4. PENSION PLAN

Plan description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803.

Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to provisions of Section 414(h) of the Internal Revenue Code. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the

4. PENSION PLAN (continued)

employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for the period from January 1, 2014 to December 31, 2014 was 9.69%. Included in this rate is the contribution for Group Death and Disability Insurance of .85%. The City's contributions to KPERS for the years ending December 31, 2014, 2013 and 2012 were \$19,732, \$17,203 and \$17,439, respectively, equal to the statutory required contributions for those years.

5. CAPITAL PROJECT AUTHORIZATIONS

The provisions of KMAAG require that debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment be accounted for as a Capital Project fund type. The Park and Pool Renovation, Capital Equipment Reserve, Capital Improvement Reserve, Fire Truck Reserve, Ambulance Acquisition Reserve and Emergency Volunteer Building Funds are reported as capital project fund types. Under applicable Kansas statutes, these funds are nonbudgeted funds and require no individual project authorizations as normally would be expected for a capital project fund type that is funded via debt resources.

6. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for the year ended December 31, 2014 is as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Regulatory Authority</u>	<u>Transfer Amount</u>
General	Capital Equipment Reserve	K.S.A 12-1,117	\$ 47,500
General	Capital Improvement Reserve	K.S.A. 12-1,118	156,500
General	Fire Truck Acquisition Reserve	K.S.A. 12-1,117	35,000
Public Safety	Capital Equipment Reserve	K.S.A. 12-1,117	8,000
Waterworks System	Employee Benefits	K.S.A. 12-825d	11,000
Waterworks System	Waterworks Surplus Reserve	K.S.A. 12-825d	275,871
Sewage System	Employee Benefits	K.S.A. 12-825d	4,150
Sewage System	Capital Equipment Reserve	K.S.A. 12-1,117	9,000

6. INTERFUND TRANSFERS (continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>Regulatory Authority</u>	<u>Transfer Amount</u>
Sewage System	Sewer Replacement Reserve	K.S.A. 12-825d	\$ 49,223
Refuse	Employee Benefits	K.S.A. 12-825d	2,650
Refuse	Refuse Capital Equipment Reserve	K.S.A. 12-825d	7,000
Ambulance	Ambulance Acquisition Reserve	K.S.A. 12-1,117	<u>18,000</u>
Total Transfers			<u>\$ 623,894</u>

7. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

8. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

Commitments and Contingencies

The City has violated the maximum contaminant level (MCL), as established by the Environmental Protection Agency (EPA) and monitored by the Kansas Department of Health and Environment (KDHE), in its water supply for allowable nitrate levels on a periodic basis for the past several years. When the water analysis exceeds allowable MCL's for nitrates, the City is required to notify the public of the situation. The City shall provide, free of charge, an alternate source of drinking water for all infants less than six months of age, nursing mothers and pregnant women.

In December 2013, the City Council approved the construction of a new centralized water treatment plant and connecting pipeline to reduce nitrates in the City's water supply. The estimated total cost of the project is \$7,399,300 with the funding for the project, as set forth in the USDA Letter of Conditions dated April 8, 2014, consisting of a United States

8. CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS (continued)

Department of Agriculture (USDA) Rural Development Loan of \$2,022,000, a USDA Rural Development Grant of \$2,558,000, a KDHE loan of \$2,324,300 and City funds of \$495,000.

The USDA Rural Development Loan will be made through the City's issuance of General Obligation Bonds in the amount not to exceed \$2,022,000, payable over 40 years, at a currently established intermediate rate of interest of 3.250%. The City may make a request that the interest rate be the lower of the rate in effect at the time of the loan approval or the time of loan closing.

The City entered into a loan agreement with KDHE effective December 3, 2013 with a total loan not to exceed \$2,324,310 at a gross interest rate of 2.79%. The loan agreement provides for semiannual payments in the amount of \$53,350, including interest, beginning August 1, 2016 with the final payment due February 1, 2036. The loan has a provision for principal forgiveness provided the project makes the public water supply system compliant with MCL requirements. The principal forgiveness amount will be calculated at 30% of the final loan amount, which is estimated at \$697,293 based on the maximum loan commitment amount. At December 31, 2014, the City had not requested any drawdowns under the loan agreement.

At December 31, 2014, the City had outstanding commitments for engineering services and geotechnical services related to the project of \$263,833 and \$5,825, respectively.

Management Evaluation

Management has evaluated subsequent events through August 14, 2015, the date on which the financial statements were available to be issued.

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2014

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
General Fund	\$ 827,602	\$ —	\$ 827,602	\$ 645,841	\$ 181,761
Special Purpose Funds:					
Special Highway	38,645	—	38,645	36,530	2,115
Public Safety	186,114	—	186,114	117,930	68,184
Library	13,266	—	13,266	13,000	266
Employee Benefits	105,207	—	105,207	92,643	12,564
⌌ Debt Service Fund:					
Debt Service	36,823	—	36,823	—	36,823
Business Funds:					
Waterworks System	540,453	—	540,453	427,588	112,865
Sewage System	171,743	—	171,743	162,142	9,601
Refuse	184,588	—	184,588	141,013	43,575
Ambulance	65,243	—	65,243	53,874	11,369

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued on next page)**

	Year ended December 31,			
		2014		
	2013			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable</u> <u>(unfavorable)</u>
Taxes	\$ 403,738	\$ 387,179	\$ 384,348	\$ 2,831
Intergovernmental	34,172	39,545	36,646	2,899
Licenses and permits	104,963	111,278	108,525	2,753
Charges for services	24,424	22,942	22,825	117
Fines and forfeitures	475	4,708	600	4,108
Interest	2,295	3,123	2,500	623
Facility rental	15,823	16,535	13,350	3,185
Miscellaneous	28,360	9,062	100	8,962
Reimbursed expenditures	<u>6,131</u>	<u>22,920</u>	<u>3,000</u>	<u>19,920</u>
Total cash receipts	<u>620,381</u>	<u>617,292</u>	<u>\$ 571,894</u>	<u>\$ 45,398</u>
Expenditures:				
Administration Department:				
Personal services	39,744	50,250	\$ 46,200	\$ (4,050)
Contractual services	50,517	36,166	69,000	32,834
Commodities	4,543	3,284	4,400	1,116
Capital outlay	11,832	2,793	4,500	1,707
Transfers to Capital Equipment				
Reserve Fund	<u>17,500</u>	<u>—</u>	<u>20,000</u>	<u>20,000</u>
Total Administration				
Department	<u>124,136</u>	<u>92,493</u>	<u>144,100</u>	<u>51,607</u>
Fire Department:				
Personal services	5,600	6,081	8,700	2,619
Contractual services	14,441	20,359	23,950	3,591
Commodities	6,421	8,676	11,070	2,394
Capital outlay	24,029	24,132	37,000	12,868

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued from previous page)

	Year ended December 31,			
	2014			Variance
	2013			favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(unfavorable)</u>
Transfers to Capital Equipment Reserve Fund	\$ 5,000	\$ –	\$ 5,000	\$ 5,000
Transfer to Firetruck Reserve Fund	<u>32,000</u>	<u>35,000</u>	<u>35,000</u>	<u>–</u>
Total Fire Department	<u>87,491</u>	<u>94,248</u>	<u>120,720</u>	<u>26,472</u>
Emergency Preparedness Department:				
Personal services	–	–	1,000	1,000
Contractual services	862	444	675	231
Commodities	–	213	1,000	787
Capital outlay	<u>–</u>	<u>–</u>	<u>13,000</u>	<u>13,000</u>
Total Emergency Preparedness Department	<u>862</u>	<u>657</u>	<u>15,675</u>	<u>15,018</u>
Park and Swimming Pool Department:				
Personal services	35,949	39,579	42,500	2,921
Contractual services	8,915	12,611	13,200	589
Commodities	12,770	16,442	15,050	(1,392)
Capital outlay	6,523	–	6,450	6,450
Transfer to Capital Equipment Reserve Fund	10,000	–	10,000	10,000
Transfer to Capital Improvement Reserve Fund	<u>23,000</u>	<u>–</u>	<u>23,000</u>	<u>23,000</u>
Total Park and Swimming Pool Department	<u>97,157</u>	<u>68,632</u>	<u>110,200</u>	<u>41,568</u>
Street Department:				
Contractual services	16,988	104,409	21,500	(82,909)

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued from previous page)

	Year ended December 31,			
		2014		
	2013			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable</u> <u>(unfavorable)</u>
Commodities	\$ 27,926	\$ 14,151	\$ 11,000	\$ (3,151)
Capital outlay	<u>150,966</u>	<u>53,583</u>	<u>300,000</u>	<u>246,417</u>
Total Street Department	<u>195,880</u>	<u>172,143</u>	<u>332,500</u>	<u>160,357</u>
Cemetery Department:				
Personal services	7,517	9,322	15,000	5,678
Contractual services	1,561	1,999	2,620	621
Commodities	926	2,067	2,600	533
Capital outlay	779	–	4,500	4,500
Transfer to Capital Equipment Reserve Fund	5,000	–	5,000	5,000
Transfer to Capital Improvement Reserve Fund	<u>1,000</u>	<u>–</u>	<u>1,000</u>	<u>1,000</u>
Total Cemetery Department	<u>16,783</u>	<u>13,388</u>	<u>30,720</u>	<u>17,332</u>
Museum Department:				
Personal services	69	20	150	130
Contractual services	216	260	250	(10)
Commodities	36	–	100	100
Capital outlay	<u>–</u>	<u>–</u>	<u>500</u>	<u>500</u>
Total Museum Department	<u>321</u>	<u>280</u>	<u>1,000</u>	<u>720</u>
Nondepartmental:				
Revitalization rebate	–	–	5,187	5,187
Transfers to Public Safety Fund	–	–	30,000	30,000
Transfers to Capital Equipment Reserve Fund	7,500	40,000	7,500	(32,500)

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued from previous page)

	Year ended December 31,			
		2014		
	2013			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable</u> <u>(unfavorable)</u>
Transfers to Capital Improvement Reserve Fund	\$ 33,226	\$ 156,500	\$ 7,500	\$(149,000)
Transfers to Capital Equipment Reserve Fund - EMS	<u>7,500</u>	<u>7,500</u>	<u>22,500</u>	<u>15,000</u>
Total Nondepartmental	<u>48,226</u>	<u>204,000</u>	<u>72,687</u>	<u>(131,313)</u>
Total expenditures	<u>570,856</u>	<u>645,841</u>	<u>827,602</u>	<u>181,761</u>
Cash receipts over (under) expenditures	49,525	(28,549)		
Unencumbered cash balance, beginning of year	<u>346,595</u>	<u>396,120</u>	<u>\$ 255,708</u>	<u>\$ 140,412</u>
Unencumbered cash balance, end of year	<u>\$ 396,120</u>	<u>\$ 367,571</u>		

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL HIGHWAY FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET – REGULATORY BASIS**

	Year ended December 31,			
		2014		
	2013 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance favorable (unfavorable)
Cash receipts:				
Motor fuels tax	\$ 31,496	\$ 32,238	\$ 32,620	\$ (382)
Sumner County	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>—</u>
Total cash receipts	<u>37,496</u>	<u>38,238</u>	<u>\$38,620</u>	<u>\$ (382)</u>
Expenditures:				
Personal services	28,375	24,075	\$ 29,000	\$ 4,925
Contractual services	4,240	3,536	3,000	(536)
Commodities	14,845	8,919	4,740	(4,179)
Capital outlay	<u>759</u>	<u>—</u>	<u>1,905</u>	<u>1,905</u>
Total expenditures	<u>48,219</u>	<u>36,530</u>	<u>\$38,645</u>	<u>\$ 2,115</u>
Cash receipts over (under) expenditures	(10,723)	1,708		
Unencumbered cash balance, beginning of year	<u>11,133</u>	<u>410</u>	<u>\$ 25</u>	<u>\$ 385</u>
Unencumbered cash balance, end of year	<u>\$ 410</u>	<u>\$ 2,118</u>		

CITY OF CONWAY SPRINGS, KANSAS

PUBLIC SAFETY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavorable)
	2013 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Taxes	\$107,699	\$ 151,028	\$ 142,864	\$ 8,164
Miscellaneous	435	4,285	–	4,285
Transfers in	<u>–</u>	<u>–</u>	<u>30,000</u>	<u>(30,000)</u>
Total cash receipts	<u>108,134</u>	<u>155,313</u>	<u>\$ 172,864</u>	<u>\$ (17,551)</u>
Expenditures:				
Personal services	64,742	75,617	\$ 144,450	\$ 68,833
Contractual services	15,085	16,921	18,325	1,404
Commodities	4,434	9,565	10,000	435
Capital outlay	–	–7,827	2,350	(5,477)
Transfer out	19,950	8,000	8,000	–
Revitalization rebate	<u>–</u>	<u>–</u>	<u>2,989</u>	<u>2,989</u>
Total expenditures	<u>104,211</u>	<u>117,930</u>	<u>\$ 186,114</u>	<u>\$ 68,184</u>
Cash receipts over expenditures	3,923	37,383		
Unencumbered cash balance, beginning of year	<u>39,162</u>	<u>43,085</u>	<u>\$ 13,250</u>	<u>\$ 29,835</u>
Unencumbered cash balance, end of year	<u>\$ 43,085</u>	<u>\$ 80,468</u>		

CITY OF CONWAY SPRINGS, KANSAS

LIBRARY FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET – REGULATORY BASIS**

	<u>Year ended December 31,</u>			
		<u>2014</u>		
	<u>2013</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>favorable</u>
				<u>(unfavorable)</u>
Cash receipts:				
Taxes	\$ 13,227	\$ 14,166	\$ 13,266	\$ 900
Expenditures:				
Appropriation to Library Board	13,226	13,000	\$ 13,000	\$ –
Revitalization rebate	–	–	266	266
Total expenditures	<u>13,226</u>	<u>13,000</u>	<u>\$ 13,266</u>	<u>\$ 266</u>
Cash receipts over expenditures	1	1,166		
Unencumbered cash balance,				
beginning of year	–	1	\$ –	\$ 1
Unencumbered cash balance,				
end of year	<u>\$ 1</u>	<u>\$ 1,167</u>		

CITY OF CONWAY SPRINGS, KANSAS

EMPLOYEE BENEFITS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			
		2014		
	2013 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance favorable (unfavorable)
Cash receipts:				
Taxes	\$ 18,227	\$ 52,218	\$ 50,173	\$ 2,045
Employee contributions	28,574	32,197	28,000	4,197
Transfers in	19,600	17,800	17,800	–
Miscellaneous	<u>1,124</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total cash receipts	<u>67,525</u>	<u>102,215</u>	<u>\$ 95,973</u>	<u>\$ 6,242</u>
Expenditures:				
Social security and Medicare	39,448	43,444	\$ 54,956	\$ 11,512
KPERS	27,193	30,311	34,538	4,227
Unemployment insurance	9,558	18,888	14,600	(4,288)
Revitalization rebate	<u>–</u>	<u>–</u>	<u>1,113</u>	<u>1,113</u>
Total expenditures	<u>76,199</u>	<u>92,643</u>	<u>\$ 105,207</u>	<u>\$ 12,564</u>
Cash receipts over (under) expenditures	(8,674)	9,572		
Unencumbered cash balance, beginning of year	<u>45,587</u>	<u>36,913</u>	<u>\$ 9,234</u>	<u>\$ 27,679</u>
Unencumbered cash balance, end of year	<u>\$ 36,913</u>	<u>\$ 46,485</u>		

CITY OF CONWAY SPRINGS, KANSAS

FIRE DEPARTMENT TRUST FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS**

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Donations and fund raising activities	<u>\$ 2,222</u>	<u>\$ 8,059</u>
Expenditures:		
Contractual services	–	1,746
Commodities	172	1,750
Capital outlay	<u>4,803</u>	<u>5,225</u>
Total expenditures	<u>4,975</u>	<u>8,721</u>
Expenditures over cash receipts	(2,753)	(662)
Unencumbered cash balance, beginning of year	<u>6,861</u>	<u>7,523</u>
Unencumbered cash balance, end of year	<u>\$ 4,108</u>	<u>\$ 6,861</u>

CITY OF CONWAY SPRINGS, KANSAS

CEMETERY TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Dues/Donations	\$ 700	\$ 640
Expenditures:		
Contractual services	<u>20</u>	<u>—</u>
Cash receipts over expenditures	680	640
Unencumbered cash balance, beginning of year	<u>16,477</u>	<u>15,837</u>
Unencumbered cash balance, end of year	<u>\$17,157</u>	<u>\$16,477</u>

CITY OF CONWAY SPRINGS, KANSAS

PARK TRUST FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS**

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Donations	\$ 50	\$ 180
Expenditures:		
Capital outlay	<u>—</u>	<u>—</u>
Cash receipts over expenditures	50	180
Unencumbered cash balance, beginning of year	<u>829</u>	<u>649</u>
Unencumbered cash balance, end of year	<u>\$ 879</u>	<u>\$ 829</u>

CITY OF CONWAY SPRINGS, KANSAS

MUSEUM TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Donations	\$ 58	\$ –
Expenditures:		
Contractual services	<u>–</u>	<u>–</u>
Cash receipts over expenditures	58	–
Unencumbered cash balance, beginning of year	<u>4,104</u>	<u>4,104</u>
Unencumbered cash balance, end of year	<u>\$ 4,162</u>	<u>\$ 4,104</u>

CITY OF CONWAY SPRINGS, KANSAS

AMBULANCE TRUST FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS**

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Donations	\$ 2,115	\$ 1,979
Fund raising	400	–
Miscellaneous	<u>80</u>	<u>1,873</u>
Total cash receipts	<u>2,595</u>	<u>3,852</u>
Expenditures:		
Contractual services	980	950
Commodities	2,995	1,931
Capital outlay	<u>1,919</u>	<u>–</u>
Total expenditures	<u>5,894</u>	<u>2,881</u>
Cash receipts over (under) expenditures	(3,299)	971
Unencumbered cash balance, beginning of year	<u>15,181</u>	<u>14,210</u>
Unencumbered cash balance, end of year	<u>\$ 11,882</u>	<u>\$15,181</u>

CITY OF CONWAY SPRINGS, KANSAS

POLICE TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Donations	<u>\$ 1,000</u>	<u>\$ —</u>
Expenditures:		
Contractual services	400	448
Commodities	<u>339</u>	<u>339</u>
Total expenditures	<u>739</u>	<u>787</u>
Cash receipts over (under) expenditures	261	(787)
Unencumbered cash balance, beginning of year	<u>1,459</u>	<u>2,246</u>
Unencumbered cash balance, end of year	<u>\$ 1,720</u>	<u>\$ 1,459</u>

CITY OF CONWAY SPRINGS, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS**

	Year ended December 31,			
		2014		
	2013	Actual	Budget	Variance favorable (unfavorable)
	<u>Actual</u>			
Cash receipts:				
Taxes	\$ 27,970	\$ 11,897	\$ 1,267	\$ 10,630
Special assessments	<u>26,669</u>	<u>44,316</u>	<u>21,725</u>	<u>22,591</u>
Total cash receipts	<u>54,639</u>	<u>56,213</u>	<u>\$ 22,992</u>	<u>\$ 33,221</u>
Expenditures:				
Bond - principal	55,000	–	\$ 36,823	\$ 36,823
Bond - interest and fiscal charges	<u>2,698</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total expenditures	<u>57,698</u>	<u>–</u>	<u>\$ 36,823</u>	<u>\$ 36,823</u>
Cash receipts over (under) expenditures	(3,059)	56,213		
Unencumbered cash balance, beginning of year	<u>17,255</u>	<u>14,196</u>	<u>\$ 14,169</u>	<u>\$ 27</u>
Unencumbered cash balance, end of year	<u>\$ 14,196</u>	<u>\$ 70,409</u>	<u>\$ 338</u>	<u>\$ 70,071</u>

CITY OF CONWAY SPRINGS, KANSAS
PARK AND POOL RENOVATION PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Donations and fund raising activities	\$ 17,834	\$ 18,719
Expenditures:		
Commodities	<u>—</u>	<u>896</u>
Cash receipts over expenditures	17,834	17,823
Unencumbered cash balance, beginning of year	<u>43,396</u>	<u>25,573</u>
Unencumbered cash balance, end of year	<u>\$ 61,230</u>	<u>\$ 43,396</u>

CITY OF CONWAY SPRINGS, KANSAS
CAPITAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ 64,500	\$ 72,450
Expenditures:		
Capital outlay	<u>25,669</u>	<u>16,000</u>
Cash receipts over expenditures	38,831	56,450
Unencumbered cash balance, beginning of year	<u>197,260</u>	<u>140,810</u>
Unencumbered cash balance, end of year	<u>\$ 236,091</u>	<u>\$ 197,260</u>

CITY OF CONWAY SPRINGS, KANSAS
CAPITAL IMPROVEMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$156,500	\$ 57,226
Expenditures:		
Capital outlay	<u>19,535</u>	<u>—</u>
Cash receipts over (under) expenditures	136,965	57,226
Unencumbered cash balance, beginning of year	<u>91,226</u>	<u>34,000</u>
Unencumbered cash balance, end of year	<u>\$228,191</u>	<u>\$ 91,226</u>

CITY OF CONWAY SPRINGS, KANSAS

FIRE TRUCK RESERVE FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS**

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ 35,000	\$ 32,000
Expenditures:		
Debt service	<u>—</u>	<u>25,038</u>
Cash receipts over expenditures	35,000	6,962
Unencumbered cash balance, beginning of year	<u>14,383</u>	<u>7,421</u>
Unencumbered cash balance, end of year	<u>\$ 49,383</u>	<u>\$ 14,383</u>

CITY OF CONWAY SPRINGS, KANSAS
AMBULANCE ACQUISITION RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ 18,000	\$ 30,000
Expenditures:		
Debt Service	<u> —</u>	<u>28,659</u>
Cash receipts over expenditures	18,000	1,341
Unencumbered cash balance, beginning of year	<u>41,138</u>	<u>39,797</u>
Unencumbered cash balance, end of year	<u>\$ 59,138</u>	<u>\$ 41,138</u>

CITY OF CONWAY SPRINGS, KANSAS
EMERGENCY VOLUNTEER BUILDING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Donations	<u>\$ 37,470</u>	<u>\$ 17,726</u>
Expenditures:		
Contractual services	760	—
Commodities	4,804	45
Capital outlay	<u>8,380</u>	<u>12,199</u>
Total expenditures	<u>13,944</u>	<u>12,244</u>
Cash receipts over expenditures	23,526	5,482
Unencumbered cash balance, beginning of year	<u>5,517</u>	<u>35</u>
Unencumbered cash balance, end of year	<u>\$ 29,043</u>	<u>\$ 5,517</u>

CITY OF CONWAY SPRINGS, KANSAS

WATERWORKS SYSTEM FUND

SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			
		2014		
	2013			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable</u> <u>(unfavor-</u> <u>able)</u>
Cash receipts:				
Charges for services	\$ 384,333	\$ 373,918	\$ 388,100	\$ (14,182)
Miscellaneous	<u>300</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total cash receipts	<u>384,633</u>	<u>373,918</u>	<u>\$ 388,100</u>	<u>\$ (14,182)</u>
Expenditures:				
Personal services	52,600	57,858	\$ 75,000	\$ 17,142
Contractual services	72,200	56,935	100,600	43,665
Commodities	31,364	19,408	47,253	27,845
Capital outlay	54,546	2,719	52,100	49,381
Debt service	204,099	—	—	—
Water use fee	1,931	1,857	2,500	643
Interest paid on meter deposits	14	21	—	(21)
Sales tax remittances	1,946	1,919	2,000	81
Transfers to reserve funds	66,022	275,871	250,000	(25,871)
Transfers to other funds	<u>13,000</u>	<u>11,000</u>	<u>11,000</u>	<u>—</u>
Total expenditures	<u>497,722</u>	<u>427,588</u>	<u>\$ 540,453</u>	<u>\$ 112,865</u>
Expenditures over cash receipts	(113,089)	(53,670)		
Unencumbered cash balance	<u>306,613</u>	<u>193,524</u>	<u>\$ 152,353</u>	<u>\$ 41,171</u>
Unencumbered cash balance, end of year	<u>\$ 193,524</u>	<u>\$ 139,854</u>		

CITY OF CONWAY SPRINGS, KANSAS

SEWAGE SYSTEM FUND

**SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS**

	Year ended December 31,			
		2014		
	2013	Actual	Budget	Variance
	<u>Actual</u>			favorable (unfavorable)
Cash receipts:				
Charges for services	<u>\$135,184</u>	<u>\$ 136,782</u>	<u>\$ 135,000</u>	<u>\$ 1,782</u>
Expenditures:				
Personal services	18,557	19,898	\$ 29,600	\$ 9,702
Contractual services	6,823	24,057	15,300	(8,757)
Commodities	5,390	7,047	9,000	1,953
Capital outlay	—	—	6,700	6,700
Debt service	48,767	48,767	48,770	3
Transfers to reserve funds	51,166	58,223	58,223	—
Transfers to other funds	<u>4,000</u>	<u>4,150</u>	<u>4,150</u>	<u>—</u>
Total expenditures	<u>134,703</u>	<u>162,142</u>	<u>\$ 171,743</u>	<u>\$ 9,601</u>
Cash receipts over (under) expenditures	481	(25,360)		
Unencumbered cash balance, beginning of year	<u>62,894</u>	<u>63,375</u>	<u>\$ 36,743</u>	<u>\$ 26,632</u>
Unencumbered cash balance, end of year	<u>\$ 63,375</u>	<u>\$ 38,015</u>		

CITY OF CONWAY SPRINGS, KANSAS

REFUSE FUND

SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			
	2014			Variance
	2013			favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(unfavor- able)
Cash receipts:				
Charges for services	\$ 159,405	\$ 163,471	\$ 160,000	\$ 3,471
Miscellaneous	<u>10,000</u>	<u>–</u>	<u>2,000</u>	<u>(2,000)</u>
Total cash receipts	<u>169,405</u>	<u>163,471</u>	<u>\$ 162,000</u>	<u>\$ 1,471</u>
Expenditures:				
Personal services	18,462	17,367	\$ 19,000	\$ 1,633
Contractual services	107,645	109,165	115,000	5,835
Commodities	5,254	4,831	7,000	2,169
Capital outlay	–	–	33,938	33,938
Transfers to reserve funds	19,950	7,000	7,000	–
Transfers to other funds	<u>2,600</u>	<u>2,650</u>	<u>2,650</u>	<u>–</u>
Total expenditures	<u>153,911</u>	<u>141,013</u>	<u>\$ 184,588</u>	<u>\$ 43,575</u>
Cash receipts over expenditures	15,494	22,458		
Unencumbered cash balance, beginning of year	<u>35,320</u>	<u>50,814</u>	<u>\$ 22,588</u>	<u>\$ 28,226</u>
Unencumbered cash balance, end of year	<u>\$ 50,814</u>	<u>\$ 73,272</u>		

CITY OF CONWAY SPRINGS, KANSAS

AMBULANCE FUND

SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			
		2014		
	2013			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable</u>
				<u>(unfavorable)</u>
Cash receipts:				
Charges for services	\$ 63,197	\$ 47,763	\$ 50,000	\$ (2,237)
Intergovernmental	10,345	15,243	15,243	—
Miscellaneous	<u>25</u>	<u>25</u>	<u>—</u>	<u>25</u>
Total cash receipts	<u>73,567</u>	<u>63,031</u>	<u>\$ 65,243</u>	<u>\$ (2,212)</u>
Expenditures:				
Personal services	4,400	5,390	\$ 9,900	\$ 4,510
Contractual services	23,057	21,261	18,700	(2,561)
Commodities	9,259	8,423	11,593	3,170
Capital outlay	—	800	7,050	6,250
Transfers to reserve funds	<u>30,000</u>	<u>18,000</u>	<u>18,000</u>	<u>—</u>
Total expenditures	<u>66,716</u>	<u>53,874</u>	<u>\$ 65,243</u>	<u>\$11,369</u>
Cash receipts over expenditures	6,851	9,157		
Unencumbered cash balance, beginning of year	<u>11,722</u>	<u>18,573</u>	<u>\$ —</u>	<u>\$18,573</u>
Unencumbered cash balance, end of year	<u>\$ 18,573</u>	<u>\$ 27,730</u>		

CITY OF CONWAY SPRINGS, KANSAS

WATERWORKS PRINCIPAL AND INTEREST RESERVE FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS**

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ –	\$ –
Expenditures:		
Revenue bond principal and interest	<u> –</u>	<u> –</u>
Cash receipts over expenditures	<u> –</u>	<u> –</u>
Unencumbered cash balance, beginning of year	<u>31,932</u>	<u>31,932</u>
Unencumbered cash balance, end of year	<u>\$ 31,932</u>	<u>\$ 31,932</u>

CITY OF CONWAY SPRINGS, KANSAS
WATERWORKS SURPLUS RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ 275,871	\$ 66,022
Expenditures:		
Contractual services	<u>5,825</u>	<u>289,704</u>
Cash receipts over (under) expenditures	270,046	(223,682)
Unencumbered cash balance, beginning of year	<u>206,888</u>	<u>430,570</u>
Unencumbered cash balance, end of year	<u>\$ 476,934</u>	<u>\$ 206,888</u>

CITY OF CONWAY SPRINGS, KANSAS

METER DEPOSIT FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS**

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Customer deposits	\$ 3,450	\$ 3,450
Expenditures:		
Deposit refunds/applied to customer accounts	<u>2,550</u>	<u>3,700</u>
Cash receipts over (under) expenditures	900	(250)
Unencumbered cash balance, beginning of year	<u>12,995</u>	<u>13,245</u>
Unencumbered cash balance, end of year	<u>\$ 13,895</u>	<u>\$ 12,995</u>

CITY OF CONWAY SPRINGS, KANSAS
SEWER REPLACEMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ 49,223	\$ 51,166
Expenditures:		
Capital outlay	<u>—</u>	<u>—</u>
Cash receipts over expenditures	49,223	51,166
Unencumbered cash balance, beginning of year	<u>126,931</u>	<u>75,765</u>
Unencumbered cash balance, end of year	<u>\$ 176,154</u>	<u>\$ 126,931</u>

CITY OF CONWAY SPRINGS, KANSAS
REFUSE CAPITAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ 7,000	\$ 19,950
Expenditures:		
Capital outlay	<u>—</u>	<u>—</u>
Cash receipts over expenditures	7,000	19,950
Unencumbered cash balance, beginning of year	<u>113,343</u>	<u>93,393</u>
Unencumbered cash balance, end of year	<u>\$ 120,343</u>	<u>\$ 113,343</u>

CITY OF CONWAY SPRINGS, KANSAS

ALL AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS --
REGULATORY BASIS

Year ended December 31, 2014

	Beginning Cash Balance January 1, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash Balance December 31, <u>2014</u>
Payroll Tax Withholding Fund	\$ -	\$28,037	\$28,037	\$ -
Municipal Court Fund	<u>-</u>	<u>4,709</u>	<u>4,709</u>	<u>-</u>
Totals	<u>\$ -</u>	<u>\$32,746</u>	<u>\$32,746</u>	<u>\$ -</u>